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CONTAINER CORPORATION OF AMERICA

1958

ANNUAL REPORT

BOARDS

Q334.34

Q7671

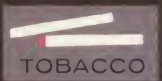




HOUSEHOLD
SUPPLIES



DAIRY
PRODUCTS



TOBACCO



LUBRI-
CANTS



SOAP



PAINTS



BEVERAGES



TEXTILES



BEER



PRODUCE



FURNITURE



APPLIANCES



GLASS



POWER TOOLS



AUTO
PARTS



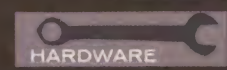
CHEMICALS



FROZEN
FOODS



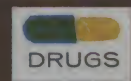
CEREALS



HARDWARE



FILM



DRUGS



COSMETICS



BAKED GOODS

CONTAINER CORPORATION OF AMERICA
38 SOUTH DEARBORN STREET, CHICAGO 3

DIRECTORS

JOHN E. BIERWIRTH, NEW YORK, NEW YORK
WESLEY M. DIXON, CHICAGO, ILLINOIS
JOHN L. DOLE, CHICAGO, ILLINOIS
GAYLORD A. FREEMAN, JR., CHICAGO, ILLINOIS
ALBERT H. GORDON, NEW YORK, NEW YORK
ROBERT S. INGERSOLL, CHICAGO, ILLINOIS
RICHARD G. IVEY, LONDON, ONTARIO, CANADA
WALTER P. PAEPCKE, CHICAGO, ILLINOIS
JOHN V. SPACHNER, CHICAGO, ILLINOIS

EXECUTIVE COMMITTEE

JOHN E. BIERWIRTH
WESLEY M. DIXON
ALBERT H. GORDON
RICHARD G. IVEY
WALTER P. PAEPCKE

OFFICERS

CHAIRMAN OF THE BOARD, WALTER P. PAEPCKE
PRESIDENT, WESLEY M. DIXON
EXECUTIVE VICE PRESIDENT, JOHN V. SPACHNER
SENIOR VICE PRESIDENT, DONALD H. BREWER
SENIOR VICE PRESIDENT, LEO H. SCHOENHOFEN
VICE PRESIDENT, FRANK C. CARDER
VICE PRESIDENT, THOMAS F. CASS
VICE PRESIDENT, LAURENCE A. COMBS
VICE PRESIDENT, FREDERICK S. CRYSLER
VICE PRESIDENT, WILLIAM P. HOOKER
VICE PRESIDENT, FRANK G. JONES
VICE PRESIDENT, HARRY E. MILES
VICE PRESIDENT, BALFOUR PHELAN
VICE PRESIDENT, DAVID R. RIGGS
VICE PRESIDENT, JOHN G. ROBINSON
VICE PRESIDENT, PAUL E. SIGLER
VICE PRESIDENT, HENRY G. VAN DER EB
VICE PRESIDENT, GEORGE H. WATKINS
VICE PRESIDENT, RALPH E. WHITE
VICE PRESIDENT AND CONTROLLER, CARL M. BLUMENSCHNEIN
GENERAL COUNSEL, HARRY E. GREEN
TREASURER, PAUL W. GUENZEL
SECRETARY, CLARENCE H. SEELEY

TRANSFER AGENTS

HARRIS TRUST AND SAVINGS BANK, CHICAGO, ILLINOIS
CITY BANK FARMERS TRUST COMPANY, NEW YORK, NEW YORK

REGISTRARS

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY, CHICAGO, ILLINOIS
THE NEW YORK TRUST COMPANY, NEW YORK, NEW YORK

A GLANCE AT THE LAST FIVE YEARS

	1958	1957	1956	1955	1954
Sales	259 271 078	256 115 744	276 008 765	258 463 036	186 595 052
Tons shipped— paperboard products	989 043	955 591	1 022 605	987 325	812 583
Earnings	14 513 972	14 589 692	18 230 919	16 411 491	13 604 232
per common share	1.35	1.36	1.71	1.59	1.33
return on share- holders' investment	12.2%	12.6%	18.3%	18.4%	16.6%
Dividends paid and declared	10 797 148	10 800 740	8 767 478	7 824 363	6 569 098
per cent of earnings	74%	74%	48%	48%	48%
preferred (per share)	4.00	4.00	4.00	4.00	4.00
common (per share)	1.00	1.00	.81¼	.75	.62½
Earnings retained for requirements of the business	3 716 824	3 788 952	9 463 441	8 587 128	7 035 134
Depreciation and depletion	9 044 504	6 756 037	6 059 624	5 686 373	4 109 753
Factory and paper mill additions and improvements (domestic)	14 086 083	37 179 216	21 148 128	9 280 803	8 713 319
Working capital (current assets less current liabilities)	22 959 875	30 673 079	42 556 326	43 965 027	24 560 201
Taxes (Federal, state, and local)	19 384 391	19 611 205	24 123 834	22 476 537	18 329 045
per common share	1.84	1.87	2.30	2.23	1.84
Hourly wages paid	54 932 233	53 124 977	55 638 612	53 298 939	38 838 204
Shareholders' investment	122 727 453	119 221 485	115 477 342	99 440 407	89 382 206
Shareholders' invest- ment per employee	8 465	8 006	7 482	6 474	7 275

CONTAINER CORPORATION OF AMERICA, MARCH 2, 1959

TO THE SHAREHOLDERS AND EMPLOYEES:

The recession year of 1958 was a difficult one for most businesses. More than normally acute competition posed a further unfavorable condition in the paper and container industries in particular. Finally, your Company, having begun operations of several new plants toward the end of 1957 and in 1958, suffered starting-up losses in several of these properties.

Under these circumstances, the final results for the year were not unsatisfactory, and, in fact encouraging. They suggest the potentialities of the Company when one or more of these adverse factors is no longer present. The third factor, namely, the starting-up losses of several major new properties already is virtually behind us.

FINANCIAL REVIEW

Consolidated sales amounted to \$259,271,078, compared to \$256,115,744 in 1957, a very slight increase of 1.2%. Net earnings, after all charges, including provision for depreciation, federal, state and local taxes were \$14,513,972, compared to \$14,589,692 for the previous year.

After provision for Preferred dividends, these net earnings equalled \$1.35 a share on each of the 10,512,864 outstanding shares of Common stock compared with \$1.36 in 1957 on 10,508,892 shares. The return on invested capital was 12.2% compared with 12.6% for 1957; in each case based upon the invested capital of January 1 of the respective year.

Quarterly earnings per share on the outstanding Common Stock were:

	1958	1957
1st Quarter	.31	.36
2nd Quarter	.34	.38
3rd Quarter	.35	.33
4th Quarter	.35*	.29*
	1.35	1.36

*The fourth quarter earnings include a credit year-end adjustment of \$.09 per share for both years.

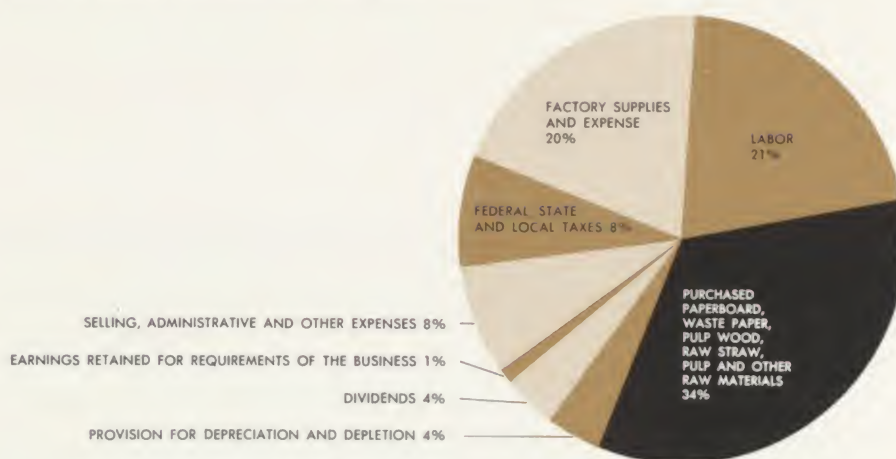
Including your Company's equity in profits of foreign subsidiaries and affiliates, the net earnings were increased by \$700,000, an equivalent of 7 cents a share, raising the total earnings to \$1.42 a share.

Federal income taxes amounted to \$14,811,000, or \$1.41 per share, compared with \$15,200,000, or \$1.45 per share in 1957.

The record of dividends paid in 1958 was:

Preferred Stock		Common Stock	
March 1	1.00	February 25	.25
June 1	1.00	May 25	.25
September 1	1.00	August 25	.25
December 1	1.00	November 25	.25
	4.00		1.00

The following diagram sets forth the distribution of your Company's sales dollars for the past year.



COMPARATIVE TABULATION OF THE DISPOSITION OF YOUR COMPANY'S SALES DOLLARS

	1958			1957		
	259 271 078	100%		256 115 744	100%	
Purchased paperboard, waste paper, pulp wood, raw straw, pulp and other raw materials	87 971 931	34		93 647 735	37	
Labor	54 932 233	21		53 124 977	21	
Factory supplies and expense	52 349 887	20		48 087 780	19	
Provision for depreciation and depletion	9 044 504	4		6 756 037	2	
Selling, administrative, and other expenses	21 074 160	8		20 298 318	8	
Federal, state, and local taxes	19 384 391	8		19 611 205	8	
Dividends	10 797 148	4		10 800 740	4	
Earnings retained for requirements of the business	3 716 824	1		3 788 952	1	

A reserve for depreciation in the amount of \$8,641,727 was provided using the same rates as heretofore. The substantial increase of \$2,268,884 over last year was due to new properties which became operative as well as to new and expanded facilities, machinery, and equipment added to existing properties. Timber depletion amounted to \$402,777.

Selling, administrative, and general expenses for the year totalled \$21,599,141, compared with \$21,467,727 for the past year, an increase of \$131,414, or 0.6%. Respective percentages to sales were 8.3% for 1958, and 8.4% for 1957. Again, the present inflationary trend of higher costs of manpower, transportation and general travel expenses is reflected here.

Repair and maintenance charges were \$15,297,051, compared with \$13,538,676 in the previous year. Higher hourly wages,

AN APPLICATION OF FUNDS STATEMENT

Funds were provided from the following sources:

Earnings for the year		14 513 972
Items effecting profit which did not require cash expenditures –		
Provision for depreciation and depletion		9 044 504
Proceeds from exercise of stock options		79 116
Total funds provided		23 637 592

Funds were expended for the following:

Plant and equipment –		
Additions and improvements	14 086 083	
Less net book value		
of sales and retirements	1 195 425	12 890 658
Dividends –		
4% Cumulative preferred stock	287 658	
Common stock	10 509 490	10 797 148
Increase in investments and advances –		
Investment in foreign subsidiaries	6 014 014	
Other	280 923	6 294 937
Decrease in long term debt		550 000
Increase in deferred charges		528 081
Purchase of preferred stock and		
sinking fund provision		289 972 31 350 796
Resulting in a decrease in working capital of		7 713 204

material costs and additional and expanded properties accounted for the increase.

WORKING CAPITAL

A substantial decrease in working capital of \$7,713,204 occurred during the year. This was directly traceable to capital expenditures of \$14,086,083 and foreign investments of \$6,014,014, a total of \$20,100,097, which exceeded the depreciation charge of \$8,641,727 by \$11,458,370, while net earnings for the year exceeded dividends paid by \$3,716,824.

CAPITALIZATION

All of the outstanding notes of The Mengel Company, a subsidiary, were prepaid in the amount of \$550,000.

There was a small increase of 3,972 shares in the outstanding Common stock of the Company; this reflected the exercise of some stock options.

WORKING CAPITAL The following tabulation shows changes in working capital:

	December 31		
CURRENT ASSETS:	1958	1957	Increase or Decrease
Cash	9 155 267	7 844 103	1 311 164
Marketable securities	7 110 554	7 760 702	650 148
Accounts receivable	20 280 827	15 599 817	4 681 010
Inventories	24 154 420	24 232 585	78 165
Total current assets	60 701 068	55 437 207	5 263 861
CURRENT LIABILITIES:			
Short term loans	10 500 000	—	10 500 000
Accounts payable	5 306 567	3 093 604	2 212 963
Accrued liabilities	11 235 171	10 078 722	1 156 449
Provision for Federal taxes on income	10 699 455*	11 591 802*	892 347
Total current liabilities	37 741 193	24 764 128	12 977 065
Net working capital	22 959 875	30 673 079	7 713 204
Current ratio	1.61 to 1	2.24 to 1	
*Provision for Federal taxes on income	11 763 818	12 851 735	
Less U. S. Government Securities	1 064 363	1 259 933	

Earnings retained for requirements of the business (earned surplus). The \$14,513,972 net earnings for the year were credited and Preferred and Common dividends of \$10,797,148 were charged against this account; a difference of \$3,716,824 remained as an addition to the earned surplus account.

Shareholders. At the year end, your Company had 18,324 individual shareholders, not including brokers, institutions, corporations, or individuals represented by corporations. A year ago the comparable number of shareholders was 17,329. The average individual shareholder owned 338 shares of the Company's outstanding stock, and the largest individual or corporate shareholder held slightly more than 4% of the outstanding Common shares. About 47% of these shares were owned by holders of less than 2,000 shares, while 31% were owned by shareholders owning less than 1,000 shares. At the present time every state in the Union, including the 49th, is represented by shareholders; also Container Corporation stock is held in 20 foreign countries.

OPERATIONS

Capital expenditures. Capital expenditures for newly built properties and for additions and improvements to existing ones, together with foreign investments amounted to \$20,100,097. Among the more important items which accounted for a substantial part of this total were the following:

Toward the year end the capacity of the new Santa Clara, California paper board mill was increased by about 30%; this was needed to meet the growing demand of our West Coast operations.

The fifth and last paper board machine at the Philadelphia plant was completely rebuilt and modernized so that all five machines are now in first-class condition to produce the highest grade of boxboard.

At the Lake Shore-Chicago folding carton operation a new six color rotogravure press was installed, while multi-color offset presses were purchased and put into operation at the folding carton operations in Greensboro, North Carolina, and Santa Clara, California.

A new paperboard machine, replacing an older one, was installed at Carthage, Indiana; it began producing high quality corrugating medium during the second half of the year, and is operating very satisfactorily.



THE DOLTON PLANT

The new corrugated container plant at Dolton, about seventeen miles south of Chicago, was completed and began operations in May.

Your Company's subsidiary, The Mengel Company, purchased land and buildings in Memphis, Tennessee, for the installation of a new corrugated container factory. Operations should begin here during the second quarter of the year. The Mengel Company is also expanding its corrugated container manufacturing space at its New Brunswick, New Jersey location.

The relatively new bleached sulphate board and pulp mill at Brewton, Alabama, operated throughout the year and turned the corner as far as profit and loss is concerned in the month of August. It is producing an excellent quality of bleached sulphate board and

pulp. Adjacent to the paperboard machine, additional space has been provided for converting some of its output into fabricated products.

During the year, Garmold, Inc., Totowa, New Jersey, was acquired with 26,523 shares of common stock of your Company; these shares were purchased on the open market. This property is engaged in compression and injection molding of plastic closures. The two founders of this company will continue further development and expansion of these and other products.

A great number of smaller expenditures were made for plant improvements. Many acquisitions of modern fabricating equipment took place in your Company's seventy-five converting plants throughout the country.

No capital funds were required for the following properties inasmuch as they were acquired under lease arrangements which incorporate options to buy.

In Arlington, Texas, on the East-West Super Highway half way between Fort Worth and Dallas, a new building is being erected which will house the folding carton operation at present located at Fort Worth; it is expected to be ready for occupancy during the second half of this year.

The building for the folding carton factory at Solon, Ohio (picture of which appears on page 11), was constructed and completed in May. The manufacturing of folding cartons for this territory was formerly done in a Cleveland plant; after the usual moving and starting-up problems, the new property has been performing quite satisfactorily.

A substantial acreage of land and buildings was acquired at Fresno, California, for an additional corrugated container factory. This property should be ready to operate during the second half of this year.

Additional building space was constructed for the Valley Forge, Pennsylvania, folding carton operation.

STATUS OF DOMESTIC CAPITAL AUTHORIZATIONS

Unexpended authorizations—December 31, 1957.....	12 638 055
Capital authorizations—1958	11 945 944
Total	24 583 999
Less expenditures—1958.....	14 086 083
Unexpended authorizations—December 31, 1958.....	<u>10 497 916</u>



THE SOLON PLANT

No large projects requiring cash outlays are being submitted for approval of the Board, nor are any contemplated at this time.

In December of this year it was determined to close the Cleveland corrugated plant permanently. This property had not produced consistently good earnings. A substantial amount of its business will be absorbed by other corrugated plants of your Company which are in good geographic and economic position to serve the customers.

The Mengel Company sold, at approximately book value, its plywood plant and small timber holding situated at Elizabeth City, North Carolina.



THE BREWTON MILL

Production. The following ten year tabulation sets forth tons of paperboard produced in your Company's mills, and tons of finished product shipped.

	Tons Produced in Mills	Tons Finished Product Shipped
1949	556 854	673 038
1950	693 960	863 888
1951	745 246	914 861
1952	685 886	833 536
1953	701 960	853 139
1954	707 101	812 583
1955	793 587	987 325
1956	807 428	1 022 605
1957	822 910	955 591
1958	951 116	989 043

Once more, the tons of finished product exceeded the tons produced in the mills because of outside purchases of paperboard required to operate fabricating properties.

Reforestation. At year end your Company owned in fee simple or controlled through timber cutting rights and long term leases, a combined total of 323,400 acres. This timber is situated in the states of Florida, Georgia, and Alabama, near the two large pulpwood consuming mills at Fernandina, Florida, and Brewton, Alabama.

Careful forestry management was practiced so as to avoid fire loss and to give the standing timber, through thinning and selective cutting, every opportunity to grow safely and rapidly.

Further, a very important step was taken in the Company's reforestation program. For the first time 4,000,000 pine seedlings were raised in its own nursery and planted on Company lands. In addition, 3,000,000 pine seedlings were purchased and given to the 4-H Clubs, Future Farmers of America and to individual wood-growing farmers residing in the respective areas of your Company's mills.

SALES

Consolidated domestic net sales for 1958 were \$259,271,078, compared to \$256,115,744 in 1957, an increase of 1.2%. The tabulation immediately below shows the dollars of fabricated products and their percentage to total sales.

Corrugated and solid fibre shipping containers	120 829 677	49%
Folding cartons, fibre cans and plastic products	89 235 561	36
Total fabricated products	210 065 238	85
Paperboard, pulp and waste paper	38 165 891	15
Total paperboard products	248 231 129	100
Wood products	11 039 949	
Total sales	259 271 078	

A completely modern research and development center for folding cartons and boxboard is now on the drawing board for early erection at Valley Forge, Pennsylvania. The new edifice will house the personnel which is engaged actively in product development for various industries, machinery design for use in customers' plants,

coating applications and laminations of board for the improvement of the protective quality of cartons, and merchandising research on the function each carton should perform in modern methods of distribution.

During the past year your Company received ten awards in the annual competition conducted by the Folding Paper Box Association. In 1958 there was no similar competition for solid fibre and corrugated containers.

The multiple unit of sale type of package recorded further gains in new fields other than food, with the development of supermarket techniques.

The present facilities of the art and design laboratories, merchandising departments and packaging machinery development departments were used more extensively than ever by customers and prospects who sought information on how to improve their packaging.

The personnel of the Sales Department was expanded so as to improve further service to customers located throughout the country from the many strategically placed fabricating plants of your Company.

INDUSTRY CONDITIONS

The Paperboard Industry, exclusive of newsprint, wrapping, bag, book, and magazine paper, operated at 86% of capacity, compared with 90% in 1957. The total production of paperboard was 14,278,788 tons, compared to 14,146,504 tons in 1957, an increase of 132,284 tons. Containerboard showed a decrease and boxboard an increase.

The solid fibre and corrugated container industry remained about the same and folding cartons decreased 2% compared to the previous year.

The rather favorable showings of these industries was made possible by the gradual, though consistent increase of volume during the second half of the year. Competition throughout the year was unusually keen; prices were less than satisfactory and did not reflect the higher costs of labor and materials.

SUBSIDIARY AND AFFILIATE COMPANIES

Sefton Fibre Can Company and Garmold, Inc. were liquidated during the year and since then have been operating as the Sefton Fibre Can Division.

The Company's ownership of shares in The Mengel Company was reduced by 2,500, which were contributed to the Concora Foundation. The present holdings of The Mengel Company stock are 643,034 shares, or 96.5% of the total outstanding shares.

The subsidiaries now include The Mengel Company, Pioneer Paper Stock Company and Wayne Paper Box and Printing Corporation.

Foreign affiliates and subsidiaries are not included in either the consolidated balance sheet or the profit and loss data.

Foreign Investments. While the foreign subsidiaries and affiliates had a substantial growth in sales, total operating results were unsatisfactory. This was due to currency devaluation and increased income taxes in two of the South American countries, and starting-up losses in some of the newly constructed or newly acquired properties in West Germany and Mexico. Total profits amounted to \$1,320,000, compared to \$2,046,000 for the preceding year. However, it is significant that 57% of the profit for the year was earned in the last four months, while in the previous year only 35% of the year's profits was earned in the same four months. Your Company's equity in foreign earnings for the year of 1958 was \$700,000.

The West German subsidiary, Europa Carton A.G., acquired a paper mill at Viersen, near Düsseldorf, two folding carton and printing operations located in Augsburg and Bremen, and built a new corrugated container factory in Hamburg. Two of the newly acquired properties made satisfactory profits, while the other two operated unprofitably. Another West German acquisition, not part of Europa Carton, was a two paper machine and corrugated container plant at Lübbecke in Westphalia; it had satisfactory results during these first five months of Container ownership. Similarly, a corrugated container plant, acquired at Soest, Holland, operated profitably and satisfactorily during these first six months that your Company has owned it.

A newly acquired paper mill in Mexico City was operating at a loss when it was taken over, but is now producing moderate profits.

The total investment of your Company in foreign operations amounts to \$17,285,840, an increase of \$6,014,014 compared with a year ago. This investment is 8.8% of your Company's total assets, while the total sales of all foreign operations represented 12.2% of the Company's domestic business.

The 1957-1958 recession witnessed in the United States was less apparent in foreign countries. A continuation of increasing sales and a substantial improvement in operating results is expected for 1959.

EMPLOYEE RELATIONS

During the year, negotiations were conducted on a satisfactory basis with 103 bargaining units represented by 20 International unions. Short work stoppages occurred at the paper stock plant in Philadelphia and the Cleveland corrugated plant. A strike was still in progress at the year end in the Oakland, California fibre can plant.

At the end of the year, 14,497 men and women were in the employ of the Company.

A Christmas check was sent to each of the 152 employees who were serving in the Armed Forces.

The Company's amended pension plan known as the Container Corporation of America Retirement Plan, went into effect on January 1, 1958. Each employee is covered under the non-contributory portion of the plan after one year of service. Membership in the contributory portion is optional.

Combined pension contributions of the Company and its subsidiaries aggregated \$3,752,224 of which employees contributed \$575,408 and the Companies \$3,176,816. Since the original plans were instituted, 948 employees have received pensions, and, at the year end 667 employees or their joint annuitants were receiving pensions.

Safety. The over-all safety performance of the Company was considerably better than last year, with sixteen plants and four trucking units operating throughout the year without a lost time accident.

The Director's Safety Award from the Folding Paper Box Association was presented to the Company's Fort Worth folding carton plant for working over 1,000,000 man hours without a lost time accident.

The Company's Philadelphia paper mill also worked over 1,000,000 man hours without a lost time accident.

Management Profit Sharing Plan. Under this plan, approved at the Annual Shareholders' Meeting in 1940 and revised downward by the Directors on December 7, 1956, a fund of \$1,128,773 was available for allocation for the year 1958.

However, the non-participating Directors responsible for the determination of payments under the plan concluded that the amount to be distributed should be limited to \$403,755; this compares with \$380,934 for the previous year.

The addition of new officers increased the total amount in 1958 compared with 1957, although the allocations to the senior officers and most others were reduced 5%.

Distributions authorized were as follows: 14.1% to the Chairman of the Board, 6.8% to the President, 6.0% to the Executive Vice President, 45.5% to sixteen Vice Presidents, and 27.6% to forty-seven other salaried employees, including the General Counsel, the Secretary and the Treasurer.

Stock Option Plan. Under the plan approved by the shareholders in 1956, additional options were granted during the year for the purchase of 6,000 shares of the corporation's Common Stock. No additional options were granted to any senior officers of the Company who had originally received options in that capacity. At the beginning of the year there were 630,620 shares and at the year end 615,128 shares under option to 221 participants. During 1958, options for 17,520 shares had lapsed because of death or other termination of employment of optionees. Options for 3,972 shares were exercised during 1958 and 60,900 shares remained unallocated at year end, compared with 49,380 shares at the close of 1957.

Container common stock bonus plan. For 1958, the Company contributed \$1,299,065 to the plan for the benefit of 1,534 employee members. The Fund owned 458,093 shares at the end of the year, or slightly more than 4% of the outstanding Common Stock of the Company.

THE CONCORA FOUNDATION

The Foundation was established in 1951 as a non-profit corporation to aid charitable, scientific and educational institutions. At the year end, the book value of its assets stood at \$1,898,392. It received a contribution of 2,500 shares of The Mengel Company stock from Container Corporation during 1958. Concora's grants of \$247,069 in 1958 were divided 41% to education, 51% to charitable institutions and 8% to scientific and cultural organizations.

ORGANIZATION

Additional Vice Presidents elected in 1958 were:


Mr. Harry E. Miles, formerly a Vice President of The Mengel Company, is responsible for the national coordination of corrugated and solid fibre container sales and will remain a Director of The Mengel Company

Mr. Henry G. Van der Eb is responsible for research and development of folding cartons and national carton sales policies.

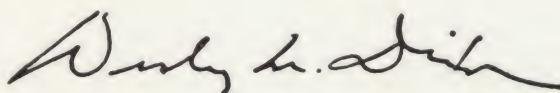
Mr. Paul E. Sigler is responsible for manufacturing and research in the northern containerboard mills.

The Board of Directors on January 28, 1958 elected Mr. Robert S. Ingersoll of Chicago, Illinois, as a director. Mr. Ingersoll was born in Galesburg, Illinois in 1914. He received his Bachelor of Science degree from Yale in 1937. Since the beginning of his business career he has held various responsible positions primarily in divisions of the Borg-Warner Corporation. During the last five years he has served as president of this corporation. His broad experience in the many phases of industry makes him a valuable addition to the Board.

The recognition and appreciation for a job well done in a difficult year is extended to all members of the organization by the Board of Directors.

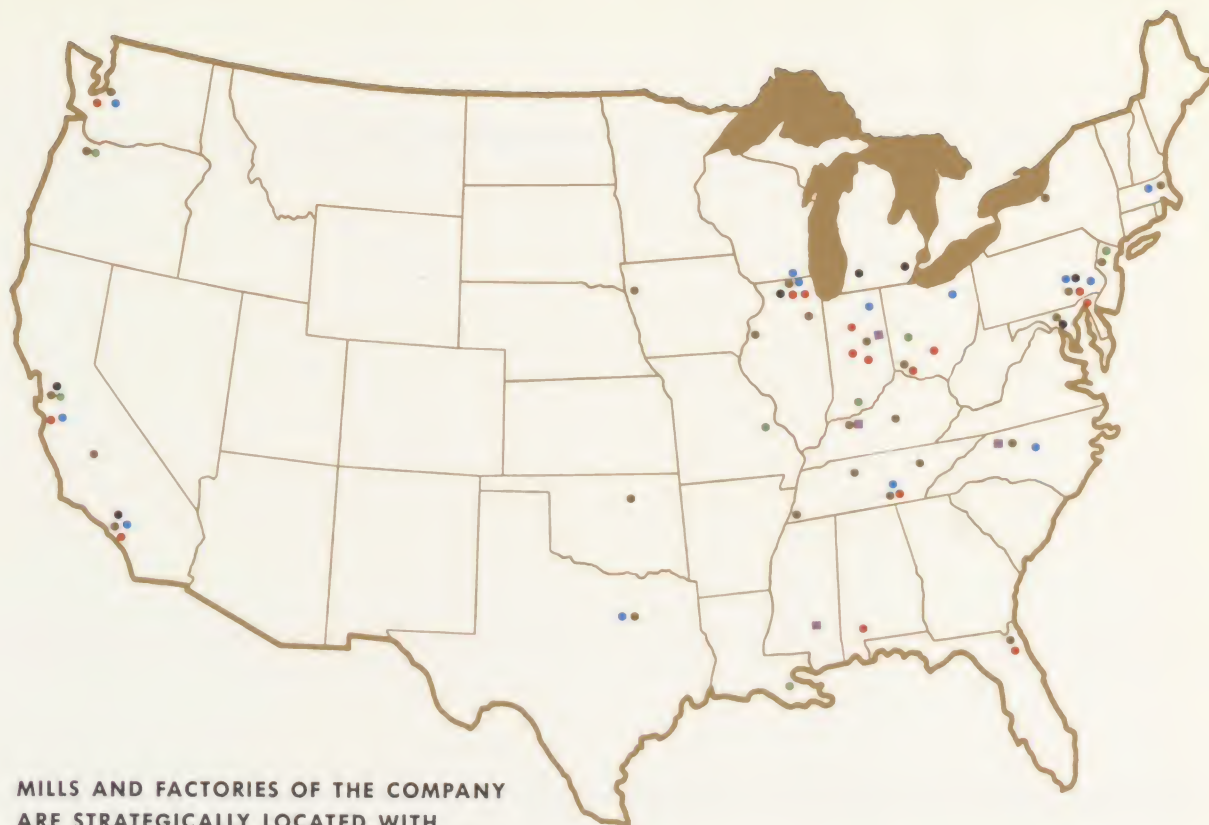


CHAIRMAN OF THE BOARD



PRESIDENT

The Annual Meeting of the shareholders will be held on Wednesday, April 15, 1959. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to shareholders on or about March 20, 1959, at which time proxies will be requested by the management.



**MILLS AND FACTORIES OF THE COMPANY
ARE STRATEGICALLY LOCATED WITH
RESPECT TO THE INDUSTRIES THEY SERVE
OR THE RAW MATERIALS THEY CONSUME**



PAPERBOARD MILLS

Brewton, Ala.	Los Angeles, Calif.
Carthage, Ind.	57th Street
Chattanooga, Tenn.	Noblesville, Ind.
Chicago, Ill.—Lake Shore	Philadelphia, Pa.
Chicago, Ill.—Ogden	Santa Clara, Calif.
Cincinnati, Ohio	Tacoma, Wash.
Circleville, Ohio	Wabash, Ind.
Fernandina, Fla.	Wilmington, Del.



SHIPPING CONTAINER FACTORIES

Anderson, Ind.	Los Angeles, Calif.—Malt
Baltimore, Md.	Louisville, Ky.
Boston, Mass.	Memphis, Tenn.
Chattanooga, Tenn.	Muskogee, Okla.
Chicago, Ill.—Ogden	Nashville, Tenn.
Cincinnati, Ohio	New Brunswick, N. J.
Dolton, Ill.	Oakland, Calif.
Fernandina, Fla.	Philadelphia, Pa.
Fort Worth, Texas	Portland, Ore.
Fresno, Calif.	Rock Island, Ill.
Fulton, N. Y.	Seattle, Wash.
Knoxville, Tenn.	Sioux City, Iowa
Lexington, Ky.	Winston-Salem, N. C.



PAPER STOCK PROCESSING PLANTS

Baltimore, Md.	Los Angeles, Calif.
Chicago, Ill.—Elston	Oakland, Calif.
Detroit, Mich.	Philadelphia, Pa.
Kalamazoo, Mich.	



FIBRE CAN FACTORIES

Jeffersonville, Ind.	Portland, Ore.
New Orleans, La.	St. Louis, Mo.
Oakland, Calif.	Totowa, N. J.
Piqua, Ohio	



FOLDING CARTON FACTORIES

Boston, Mass.	Los Angeles, Calif.
Chattanooga, Tenn.	Boyle
Chicago, Ill.—Lake Shore	Philadelphia, Pa.
Chicago, Ill.—35th Street	Renton, Wash.
Fort Wayne, Ind.	Santa Clara, Calif.
Fort Worth, Tex.	Solon, Ohio
Greensboro, N. C.	Valley Forge, Pa.



WOOD PRODUCTS FACTORIES

Laurel, Miss.	Union City, Ind.
Louisville, Ky.	Winston-Salem, N. C.

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES

COMPARATIVE CONSOLIDATED BALANCE SHEETS—DECEMBER 31, 1958 AND 1957

ASSETS	1958		1957	
CURRENT ASSETS:				
Cash	\$	9 155 267	\$	7 844 103
Marketable securities		7 110 554		7 760 702
Receivables, less reserves		20 280 827		15 599 817
Inventories of finished goods, work in process, raw materials and supplies — priced at the lower of average cost or market		24 154 420		24 232 585
Total current assets		60 701 068		55 437 207
INVESTMENTS AND ADVANCES, at cost:				
Investments in and advances to foreign subsidiaries not consolidated (Note 1)		17 285 840		11 271 826
Other		1 921 830		1 640 907
		19 207 670		12 912 733
PLANT AND EQUIPMENT, at cost (including properties acquired for capital stock):				
	Gross	Reserves		
Land and timberland, less depletion	9 081 826	—	9 081 826	8 926 758
Buildings	36 216 666	11 848 025	24 368 641	22 927 782
Machinery, equipment, etc.	124 651 369	50 775 361	73 876 008	69 072 238
Leasehold and leasehold improvements	8 589 479	6 194 666	2 394 813	2 553 868
Plants under construction	—	—	—	2 394 488
	178 539 340	68 818 052	109 721 288	105 875 134
PREPAID AND DEFERRED CHARGES		5 838 619		5 310 538
GOODWILL AND PATENTS		1		1
		\$195 468 646		\$179 535 613
LIABILITIES	1958		1957	
CURRENT LIABILITIES:				
Short-term loans	\$	10 500 000	\$	—
Accounts payable		5 306 567		3 093 604
Accrued liabilities		11 235 171		10 078 722
Provision for Federal taxes on income		11 763 818		12 851 735
Less — U. S. Government securities to be applied in payment thereof		1 064 363		1 259 933
Total current liabilities		37 741 193		24 764 128
LONG-TERM DEBT				
3.30% sinking fund debentures, due July 1, 1980		35 000 000		35 000 000
Notes of The Mengel Company		—		550 000
		35 000 000		35 550 000
CAPITAL:				
4% cumulative preferred stock, \$100 par value; authorized and issued 73,000 shares		7 300 000		7 300 000
Common stock, \$5 par value; authorized 15,000,000 shares, 10,512,864 issued at December 31, 1958 (Note 2)		52 564 320		52 544 460
Shareholders' investment in excess of par value (paid-in surplus) (Note 2)		59 256		—
Earnings retained for requirements of the business (earned surplus) (Note 3)		63 097 343		59 380 519
Deduct—Cost of 4% cumulative preferred stock held in treasury and provision for sinking fund on preferred stock; 1,568 shares and \$145,348 at December 31, 1958		293 466		3 494
		122 727 453		119 221 485
		\$195 468 646		\$179 535 613

**COMPARATIVE STATEMENTS OF CONSOLIDATED INCOME
FOR THE YEARS ENDED DECEMBER 31, 1958 AND 1957**

	1958	1957
NET SALES	\$259 271 078	\$256 115 744
COST OF SALES	208 363 202	205 420 783
Gross income from operations	50 907 876	50 694 961
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES	21 599 141	21 467 727
Income from operations (after depreciation and depletion provisions of \$9,044,504 in 1958 and \$6,756,037 in 1957)	29 308 735	29 227 234
OTHER INCOME, net	16 237	562 458
Balance before taxes on income	29 324 972	29 789 692
PROVISION FOR FEDERAL TAXES ON INCOME	14 811 000	15 200 000
Net income for the year	\$ 14 513 972	\$ 14 589 692

**STATEMENT OF CONSOLIDATED EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS
(EARNED SURPLUS) FOR THE YEAR ENDED DECEMBER 31, 1958**

BALANCE DECEMBER 31, 1957	\$59 380 519
NET INCOME FOR THE YEAR	14 513 972
CASH DIVIDENDS:	
Preferred stock (\$4.00 per share)	287 658
Common stock (\$1.00 per share)	10 509 490
BALANCE DECEMBER 31, 1958 (Note 3)	\$63 097 343

Notes: (1) Equity in net assets at December 31, 1958, and in undistributed profits for 1958, of foreign subsidiaries not consolidated including the equity of a foreign subsidiary in associated foreign companies, was approximately \$23,280,000 and \$700,000 respectively.

(2) Under the stock option plan for officers and key employees, options for the purchase of 615,128 shares at prices ranging from \$18.19 to \$23.75 per share were outstanding at December 31, 1958. Of the total, 233,128 shares were exercisable at December 31, 1958, and the remainder become exercisable during the period from 1959 to 1963. Unexercised options expire by 1968. Options for 3,972 shares were exercised in 1958. The shareholders' investment in excess of par value (paid-in surplus) at December 31, 1958, represents the excess of proceeds over par value of these shares.

(3) Under terms of the debenture indenture, approximately \$40,000,000 of the earned surplus at December 31, 1958, was restricted as to dividends on and acquisitions of capital stock.

ARTHUR ANDERSEN & CO., 120 SOUTH LA SALLE STREET, CHICAGO 3

To the Shareholders of Container Corporation of America:

We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries as of December 31, 1958, and the related statements of consolidated income and consolidated earnings retained for requirements of the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

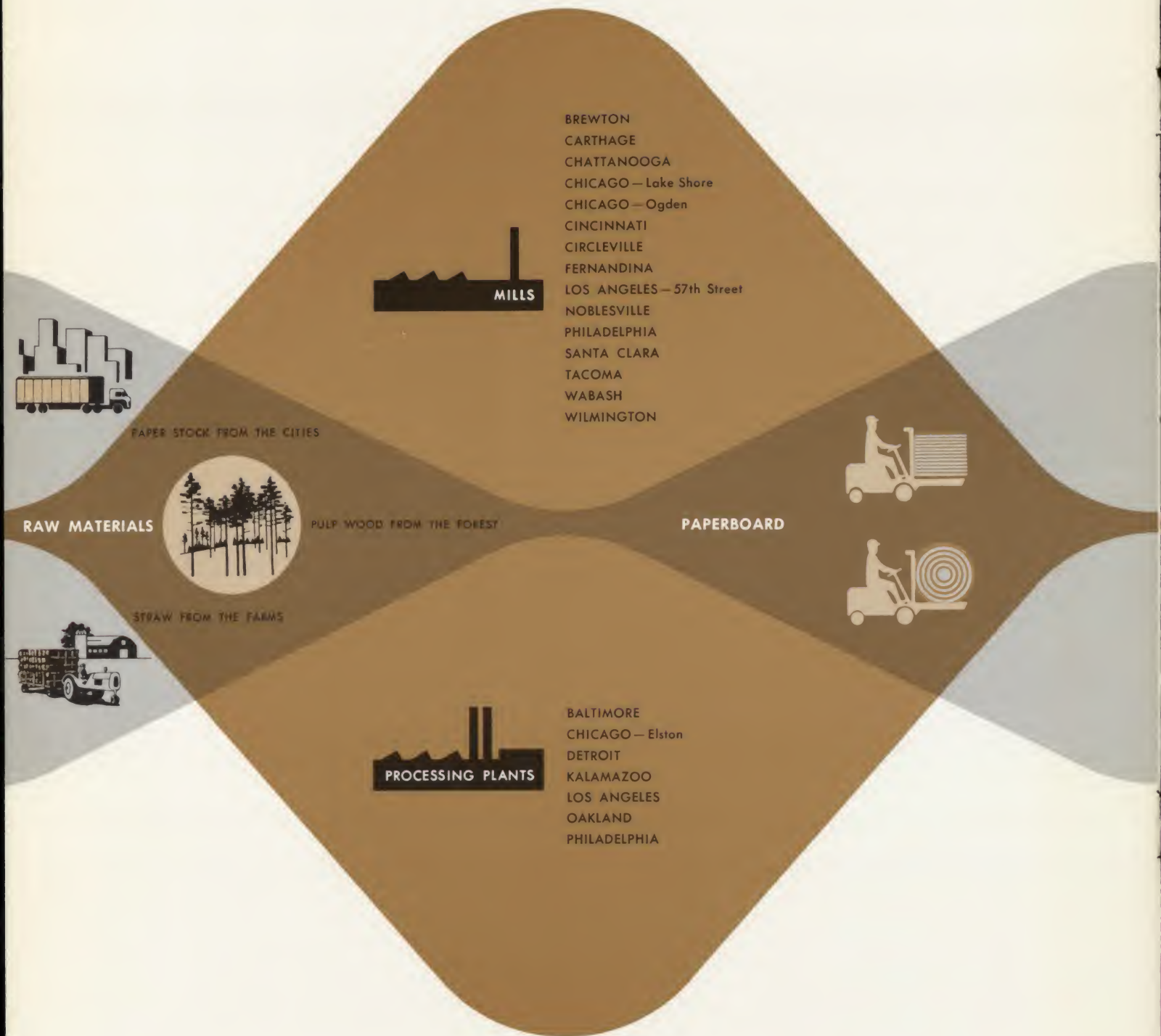
In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and consolidated earnings retained for requirements of the business present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1958, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois, February 2, 1959

ARTHUR ANDERSEN & CO.



INTEGRATION FROM RAW MATERIALS TO



SOURCES AND FLOW OF PRIMARY MATERIALS THROUGH MILLS AND

FINISHED PAPERBOARD PACKAGES—A SINGLE ORGANIZATION

USES

Ammunition
Automotive Parts
Bakery Goods
Beer
Building Materials
Canned Foods
Caps and Closures
Cereal Products
Chemicals
China and Pottery
Clothing
Coffee, Tea, Cocoa
Confectionery
Cosmetics
Dairy Products
Explosives
Electrical Products
Frozen Foods
Fruits and Vegetables
Furniture
Glass Products
Hardware
Household Goods

ANDERSON
BALTIMORE
BOSTON
CHATTANOOGA
CHICAGO—Lake Shore
CHICAGO—Ogden
CHICAGO—35th Street
CINCINNATI
DOLTON
FERNANDINA
FORT WAYNE
FORT WORTH
FRESNO
FULTON
GREENSBORO
JEFFERSONVILLE
KNOXVILLE
LEXINGTON
LOS ANGELES—Boyle Ave.
LOS ANGELES—Malt Ave.

FACTORIES

PRODUCTS

SHIPPING CONTAINERS

MOLDED
PLASTIC
CAPS FOR
CONTAINERS

FIBRE CANS

FROZEN FOOD
PACKAGES

FOLDING CARTONS

LOUISVILLE
MEMPHIS
MUSKOGEE
NASHVILLE
NEW BRUNSWICK
NEW ORLEANS
OAKLAND—Horton Street
OAKLAND—Independent Road
PHILADELPHIA
PIQUA
PORTLAND
RENTON
ROCK ISLAND
ST. LOUIS
SANTA CLARA
SEATTLE
SIOUX CITY
SOLON
TOTOWA
VALLEY FORGE
WINSTON-SALEM

Linens and Towels
Liquor and Wine
Machines and Parts
Matches
Meat Products
Paint and Varnish
Paper Products
Personal Accessories
Petroleum Products
Pharmaceuticals
Publishers, Printers
Radio Products
Rubber Goods
Soaps and Cleansers
Soft Drinks
Spices
Sporting Goods
Sugar and Salt
Textiles
Tobacco Products
Tools
Toys and Games
Vegetable Products

FACTORIES OF **CONTAINER CORPORATION OF AMERICA**

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES CONSOLIDATED

YEAR-END BALANCE SHEETS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1958

ASSETS

	1958	1957	1956	1955	1954
Cash and marketable securities	16 265 821	15 604 805	17 093 285	18 219 191	10 778 656
Receivables, less reserves	20 280 827	15 599 817	15 078 480	14 634 476	8 941 532
Inventories	24 154 420	24 232 585	22 251 600	23 521 692	13 790 287
Total current assets	60 701 068	55 437 207	54 423 365	56 375 359	33 510 475
Cash and securities set aside for additions and improvements	—	—	16 754 049	25 000 000	1 318 239
Investments and advances	19 207 670	12 912 733	12 063 095	7 058 048	11 789 380
Land and timberland	9 081 826	8 926 758	8 435 776	8 701 525	5 636 888
Buildings, machinery and equipment	169 457 514	159 783 974	125 651 035	109 288 928	85 637 663
Reserves for depreciation	68 818 052	62 835 598	58 086 495	55 653 970	42 181 270
Deferred charges	5 838 619	5 310 538	3 803 555	3 713 003	2 621 104
Goodwill and patents	1	1	1	1	1
	195 468 646	179 535 613	163 044 381	154 482 894	98 332 480

LIABILITIES

Short term loans	10 500 000	—	—	—	—
Accounts payable	5 306 567	3 093 604	2 374 542	3 589 592	2 389 886
Accrued liabilities	11 235 171	10 078 722	9 492 497	8 242 302	6 560 388
Provision for Federal taxes on income	10 699 455*	11 591 802*	—*	578 438*	—*
Total current liabilities	37 741 193	24 764 128	11 867 039	12 410 332	8 950 274
3.3% Debentures, due July 1, 1980	35 000 000	35 000 000	35 000 000	35 000 000	—
Long term notes	—	550 000	700 000	850 000	—
Minority Interest in The Mengel Company	—	—	—	6 782 155	—
Reserve for contingencies	—	—	—	—	—
Capital:					
Preferred stock	7 300 000	7 300 000	8 200 000	8 500 000	8 800 000
Common stock	52 564 320	52 544 460	52 544 460	25 224 510	24 957 850
Investment in excess of par value	59 256	—	—	19 913 890	18 409 927
Earnings retained	63 097 343	59 380 519	55 591 567	46 409 690	37 822 562
Sinking fund for retirement of preferred stock	293 466	3 494	858 685	607 683	608 133
	195 468 646	179 535 613	163 044 381	154 482 894	98 332 480
*Provisions for Federal taxes on income	11 763 818	12 851 735	17 362 662	19 115 484	16 935 190
Less U. S. Government Securities	1 064 363	1 259 933	17 362 662	18 537 046	16 935 190
Shareholders' investment	122 727 453	119 221 485	115 477 342	99 440 407	89 382 206
Investment per common share	11.00	10.65	10.29	9.07	8.13
Working capital	22 959 875	30 673 079	42 556 326	43 965 027	24 560 201
Current ratio	1.61 to 1	2.24 to 1	4.59 to 1	4.54 to 1	3.74 to 1

1953	1952	1951	1950	1949	1948	1947
15 796 013	15 200 591	10 268 094	7 456 055	13 085 746	9 758 037	7 281 531
7 503 418	8 619 054	8 559 391	9 733 435	4 709 071	4 918 005	6 180 152
10 261 548	12 100 069	11 688 373	11 924 620	7 334 972	8 630 364	9 270 857
33 560 979	35 919 714	30 515 858	29 114 110	25 129 789	23 306 406	22 732 540
5 514 683	428 552	3 007 331	3 500 000	4 000 000	4 350 000	6 000 000
2 565 548	1 715 726	1 661 084	1 286 187	1 031 307	1 273 932	1 317 990
4 420 563	4 350 340	4 605 894	4 598 890	4 127 968	4 050 794	3 827 846
77 883 526	74 917 962	69 663 809	63 186 670	57 704 750	52 725 650	45 853 731
38 385 114	35 254 114	31 781 821	28 681 919	26 017 667	23 728 028	21 885 495
1 880 217	2 712 523	1 754 186	1 121 376	1 036 349	1 188 846	786 845
1	1	1	1	1	1	1
87 440 403	84 790 704	79 426 342	74 125 315	67 012 497	63 167 601	58 633 458
—	—	—	—	—	—	—
1 350 227	2 016 989	1 580 387	3 060 885	1 811 759	1 910 061	3 019 510
4 349 946	5 054 486	4 292 057	3 459 188	2 512 393	2 647 878	2 470 144
—*	—*	—*	—*	—*	—*	—*
5 700 173	7 071 475	5 872 444	6 520 073	4 324 152	4 557 939	5 489 654
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	955 190	1 110 522	1 110 522
9 100 000	9 400 000	9 400 000	10 000 000	10 000 000	10 000 000	10 000 000
19 809 480	19 809 480	19 809 480	19 809 480	19 809 480	19 809 480	19 809 480
3 829 851	3 829 851	3 829 851	3 829 851	3 829 851	3 829 851	3 829 851
49 606 434	45 284 893	40 815 392	34 563 052	28 384 753	23 962 511	18 393 951
605 535	604 995	300 825	597 141	290 929	102 702	—
87 440 403	84 790 704	79 426 342	74 125 315	67 012 497	63 167 601	58 633 458
21 086 718	22 435 957	27 090 251	12 585 392	7 141 293	7 596 493	7 835 425
21 086 718	22 435 957	27 090 251	12 585 392	7 141 293	7 596 493	7 835 425
81 740 230	77 719 229	73 553 898	67 605 242	61 733 155	57 499 140	52 033 282
7.40	6.96	6.51	5.88	5.25	4.81	4.24
27 860 806	28 848 239	24 643 414	22 594 037	20 805 637	18 748 467	17 242 886
5.89 to 1	5.08 to 1	5.20 to 1	4.47 to 1	5.81 to 1	5.11 to 1	4.14 to 1

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES CONSOLIDATED

EARNINGS STATEMENTS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1958

	1958	1957	1956	1955	1954
Sales	259 271 078	256 115 744	276 008 765	258 463 036	186 595 052
Cost of Sales	208 363 202	205 420 783	217 184 897	203 429 246	145 808 593
Gross earnings	50 907 876	50 694 961	58 823 868	55 033 790	40 786 459
Selling, administrative, and general expenses	21 599 141	21 467 727	21 947 478	20 517 129	12 919 120
Earnings from operations	29 308 735	29 227 234	36 876 390	34 516 661	27 867 339
Other income, <i>deductions</i> , net	16 237	562 458	1 054 529	494 830	1 136 893
Earnings before Federal taxes on income	29 324 972	29 789 692	37 930 919	35 011 491	29 004 232
Provision for Federal taxes on income	14 811 000	15 200 000	19 700 000	18 600 000	15 400 000
Net earnings for the year	14 513 972	14 589 692	18 230 919	16 411 491	13 604 232
Depreciation and depletion	9 044 504	6 756 037	6 059 624	5 686 373	4 109 753
Earnings per share of common stock	1.35	1.36	1.71	1.59	1.33
Return on shareholders' investment	12.2%	12.6%	18.3%	18.4%	16.6%

RECORD OF DIVIDENDS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1958

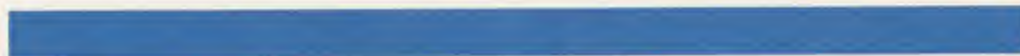
Dividends:					
Preferred stock	287 658	291 848	310 618	337 008	349 235
Common stock	10 509 490	10 508 892	8 456 860	7 487 355	6 219 863
Total dividends	10 797 148	10 800 740	8 767 478	7 824 363	6 569 098
Dividends per share:					
Preferred stock	4.00	4.00	4.00	4.00	4.00
Common stock	1.00	1.00	.81¼	.75	.62½

1953	1952	1951	1950	1949	1948	1947	TOTAL
187 552 652	178 408 152	212 562 019	154 841 198	114 770 627	131 056 327	128 345 675	2 343 990 325
147 939 847	137 282 965	165 327 034	123 873 851	92 476 947	106 716 349	104 191 521	1 858 015 235
39 612 805	41 125 187	47 234 985	30 967 347	22 293 680	24 339 978	24 154 154	485 975 090
12 252 693	11 632 175	10 901 566	8 922 520	7 936 829	7 585 901	6 872 580	164 554 859
27 360 112	29 493 012	36 333 419	22 044 827	14 356 851	16 754 077	17 281 574	321 420 231
812 836	889 936	782 578	651 799	395 477	236 516	307 971	6 726 118
28 172 948	30 382 948	37 115 997	22 696 626	14 752 328	16 990 593	16 973 603	328 146 349
18 045 000	20 100 000	25 050 000	10 680 000	5 975 000	6 566 000	6 700 000	176 827 000
10 127 948	10 282 948	12 065 997	12 016 626	8 777 328	10 424 593	10 273 603	151 319 349
3 930 557	3 668 041	3 543 809	3 045 298	2 731 924	2 507 074	1 756 156	52 839 150
.99	1.00	1.18	1.17	.85	1.01	1.01	
13.0%	14.0%	17.8%	19.5%	15.3%	20.0%	28.0%	

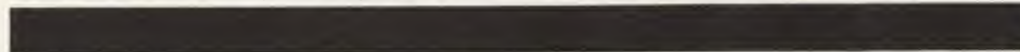
358 800	365 840	366 050	390 720	393 190	398 900	344 000	4 193 867
5 447 607	5 447 607	5 447 607	5 447 607	3 961 896	4 457 133	4 457 133	77 849 050
5 806 407	5 813 447	5 813 657	5 838 327	4 355 086	4 856 033	4 801 133	82 042 917

4.00	4.00	4.00	4.00	4.00	4.00	3.44
.55	.55	.55	.55	.40	.45	.45

Our country calls not for the life of ease, but for the life of strenuous endeavor. The twentieth century looms before us big with the fate of many nations. If we stand idly by, if we seek merely swollen, slothful ease, and ignoble peace, if we shrink from the hard contests where men must win at hazard of their lives and at the risk of all they hold dear, then the bolder and stronger peoples will pass us by and will win for themselves the domination of the world. Let us therefore boldly face the life of strife, resolute to do our duty well and manfully; resolute to uphold righteousness by deed and by word; resolute to be both honest and brave, to serve high ideals, yet to use practical methods.



Theodore Roosevelt: *from a speech, "The Strenuous Life," delivered in Chicago in 1891*



Great Ideas of Western Man...one of a series. CONTAINER CORPORATION OF AMERICA



